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SUBJECT: EUROPEAN DEVELOPMENT FUND ACTIVITIES IN BELIZE: SUGAR,  
BANANAS AND RURAL DEVELOPMENT

¶1. Ambassador Marco Mazzocchi Alemanni, the Head of the European Commission's (EC) Delegation to Belize, visited Belize from 20th to 24th July 2009 to promote several European Development Fund initiatives. More than Euro 46 million has been allocated to assist rural Belizean agricultural communities that produce sugar and bananas. The programs are designed to enhance competitiveness in the sugar and banana industries, improve the road system, increase access to electricity, offer greater educational opportunities, and assist the communities in their efforts to diversify into other agricultural and non-agricultural sectors.

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Accompanying Measures for Sugar  
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¶2. The EC provides grant funding to Belize through its program of Accompanying Measures for Sugar (AMS) Protocol countries. In 2005, the EU proposed to overhaul its sugar regime by cutting the price of raw sugar by 36% over a four-year period. Linked to this reform, the EC introduced its AMS program to support African, Caribbean and Pacific countries which traditionally played an integral role in the EU sugar regime and whose export earnings would be negatively affected by the price reduction.

¶3. In Belize, the overall objective of the AMS program is to contribute to poverty reduction and improve the standard of living for sugar-dependent communities in northern Belize. The AMS is expected to have three main areas of intervention which include improved efficiency for sugar cane production, road rehabilitation in the 'Sugar Belt' region and diversification into alternative agricultural and non-agricultural sectors.

¶4. Under the AMS program, Belize is expected to receive Euro 46 million (BZ\$124.2 million) for the period 2006-2010 to be disbursed through Annual Financing Agreements. (Note: The Belizean dollar exchange rate with the Euro is currently BZ\$2.70 for one Euro. End Note.) The 2008 Financing Agreement was signed on July 23, 2009 and provides for the allocation of Euro 9 million (BZ\$25 million). Of this amount, Euro 5.8 million (BZ\$16.1 million) has been apportioned to road rehabilitation in the Orange Walk and Corozal districts. Another Euro 2 million (BZ\$5.6 million) has been allocated to improving competitiveness of the country's sugar industry through institutional capacity building of the cane farmers association and support of a cane replanting and rehabilitation program. Additionally, Euro 1 million (BZ\$2.8 million) has been allocated to assist with rural diversification through employment generation in these communities.

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Special Framework of Assistance for Bananas  
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¶5. Under the 2008 Special Framework of Assistance (SFA) for bananas, the EC will contribute approximately Euro 2 million (BZ\$5.6 million) towards rural development in Belize. This will mark the final allocation of a 10-year program amounting to almost Euro 30 million for the banana sector and the communities of southern Belize. The 2008 SFA allocation focuses on improved access to education at the technical high school level, improved access to adult skills training, teacher training as well as institutional support and capacity building.

¶16. Under the European Union Banana Support Programme (EU BSP), there is also a project for the electrification of rural communities in southern Belize. Seven villages will be connected to the national electricity grid over the next year. On 22 July 2009, the project was officially inaugurated by Alemanni in Santa Cruz Village of the Toledo district and is expected to expand to the other villages by mid-2010.

¶17. The total cost of the project is estimated at Euro 1.8 million (BZ\$5 million) which will be jointly financed by the European Commission (75%) and the Government of Belize (25%).

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Belize Rural Development Programme (BRDP)  
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¶18. The Belize Rural Development Programme (BRDP) is also financed jointly by the European Commission (EC) in collaboration with the Government of Belize (GoB).

¶19. The overall aim of the BRDP project is poverty reduction in Belize with a particular focus on empowering rural communities. The key characteristics of the project are (i) facilitating SME development at the rural level (farm and non-farm); (ii) developing infrastructure for basic support services in rural areas; and (iii) strengthening policies, institutions, and rural communities.

¶10. The program was initiated in March 2006 following the signing of the Financing Agreement (FA) between the GoB and the EC in November 2005. The total cost allocated to the BRDP project is almost Euro 8.9 million for the period 2006- 2011. Of this, the EU's contribution is Euro 7.2 million. Other contributors to the project include the GoB (Euro 800,000) and the final beneficiaries of the BRDP (Euro 875,000).

¶11. On July 24, Alemanni officially opened a new wing of the Young Women's Christian Association (YWCA) in Belize City. The construction of the new wing was commissioned in May 2008 and was funded under the BRDP at a cost of Euro 272,222 million (BZ\$ 735,000). The new wing will provide a venue for entrepreneurial training for women and youth.

¶12. Under the 10th EDF, additional grants for Euro 11.8 million (BZ\$33 million) have been earmarked for the period 2010-2015 for a second phase of the BRDP as well as for institutional support to the National Authorising Office (U.S. GAO equivalent) and other government agencies.

¶13. Comment. The majority (52%) of Belize's population live in rural areas and are primarily dependent on agricultural activities for employment and income. Bananas and sugar are two of Belize's top three agricultural exports and have played a vital role in Belizean rural development and livelihood. Although the evidence is only anecdotal, Post notes that the Belizean public views the EDF programming positively and as effective in assisting rural Belizeans. Alemanni's visit received wide, positive coverage in the Belizean press. Given the importance of bananas and sugar to Belize's economy and culture, it is Post's understanding that programs designed to assist Belizean rural farming communities resonate with the Belizean public. The EU is focused on the sugar and banana industries as part of their own agriculture policy. However, there remains in Belize considerable opportunity for poverty reduction through small-scale development of agriculture, particularly in the south, should USAID or Peace Corps resume this type of programming. End Comment.

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